A: Key levers available to you as the responsible Minister to get the performance you want from statutory Crown entities (August 2014)¹

Good practice
convention

Lever in legislation (usually in Crown Entities Act (CEA); a few are in Public Finance Act & State Sector Act)

Set expectations: Engage regularly with the chair/board on expectations for entity performance.

Consult colleagues: Consult Ministerial colleagues via the Cabinet Appointments and Honours Committee (APH).

Choose a monitor: Decide whether to have a monitor and, if so, who that monitor is. (The role of a monitor is in the Crown Entities Act and is usually undertaken by a monitoring department.)

Engage with board and monitor: Engage regularly with the chair/board, and receive analysis and advice from the monitor.

Request information: Request information on the entity’s operations and performance at any time. May delegate the power to request information to the monitoring department. (Consequently, may wish to ensure the board understands its responsibility to provide clear and useful performance information.)

Review performance: May review a Crown entity’s performance and operations at any time.

Central agency requests: May ask central agencies to undertake some work, via the central agency Ministers.

State Services Commissioner actions: May ask the State Services Commissioner to act on a range of issues, under the State Sector Act.

"No surprises": Have a "no surprises" policy in place with the entity.

Your role in board appointments, remuneration and removals

Decide recruitment process: Decide who will undertake board member recruitment, the scope of the process, and the skills required for the board.

Consult colleagues: Consult Ministerial colleagues via the Cabinet Appointments and Honours Committee (APH).

Set remuneration: Set the remuneration for board members of Crown agents and ACEs. The Remuneration Authority sets the fees for ICEs.

Appoint: Following referral to APH, make board appointments for Crown agents and ACEs and recommend board appointments for ICEs to the Governor-General.

Send appointment letters: Send a clear, concise appointment letter stating what is wanted from each appointee.

Expect induction: Expect an induction for new appointees to occur, and consider attending and participating or directing the monitor to provide the induction.

Expect self review: May set an expectation that the board undertake an annual self review, resulting in any key issues being raised with the Minister.

Reappoint: Must either reappoint or not reappoint serving board members.

Remove members: May remove board members for Crown agents and ACEs and recommend removals for ICEs to the Governor-General.

Court order: May get a court order requiring or restraining a board/member in relation to the Crown Entities Act or entity’s enabling Act.

Your role in setting entity strategic direction and annual performance requirements

Set expectations: Engage regularly with the chair/board on expectations for entity performance.

Require SOI: May require a new statement of intent (SOI) at any time. An SOI may last up to 3 years, and must cover 4 years.

Extend or waive SOI: In certain circumstances, may grant an extension of time, or waive, the requirement for an entity to provide an SOI.

Amend SOI: May comment on an entity’s draft SOI and may require amendments to some parts of the final SOI.

Amend SPE: May comment on a draft annual Statement of Performance Expectations (SPE), and may require amendments to a final SPE, excluding the forecast financial statements.

Adjust funding: May, subject to Cabinet consideration, adjust funding provided for the entity by the Crown e.g. via appropriations, fees, levies, grants etc.

Agree reporting: Agree to interim reporting requirements with the board to ensure useful performance information is received.

Give policy direction: May give a direction on government policy relating to an entity’s functions and objectives. Crown agents must give effect to the direction. ACEs must have regard to the direction.

Policy direction (ICE): May only give a policy direction to an ICE if specifically provided for in an Act.

Your role in monitoring entity strategic direction and results

Choose a monitor: Decide whether to have a monitor and, if so, who that monitor is. (The role of a monitor is in the Crown Entities Act and is usually undertaken by a monitoring department.)

Engage with board and monitor: Engage regularly with the chair/board, and receive analysis and advice from the monitor.

Request information: Request information on the entity’s operations and performance at any time. May delegate the power to request information to the monitoring department. (Consequently, may wish to ensure the board understands its responsibility to provide clear and useful performance information.)

Review performance: May review a Crown entity’s performance and operations at any time.

Central agency requests: May ask central agencies to undertake some work, via the central agency Ministers.

State Services Commissioner actions: May ask the State Services Commissioner to act on a range of issues, under the State Sector Act.

"No surprises": Have a "no surprises" policy in place with the entity.

¹ This handout was developed as a companion to the document *Statutory Crown Entities: A Guide for Ministers* available at [www.ssc.govt.nz/crown-entities-guide-ministers](http://www.ssc.govt.nz/crown-entities-guide-ministers). It provides a high-level summary only. An individual entity’s legislation can supplement, expressly modify, or negate the CEA levers; therefore it is recommended that Ministers seek advice before pursuing a particular course of action.
How others may assist you to get the performance you want

**Ministers of Finance and State Services**
- **May** set enduring expectations for all entities, the latest of which are available here: [http://www.ssc.govt.nz/expectations-letter-crown-entities-july12](http://www.ssc.govt.nz/expectations-letter-crown-entities-july12)
- **May** direct a group of 3 or more Crown entities to comply with a direction that supports a whole of government approach.

**Minister of Finance and you**
- **May** jointly approve the acquisition of securities, borrowing, guarantees, indemnities, and derivatives.
- **May** require an entity to pay the Crown the whole or part of a net surplus. Before this happens the Minister of Finance must consult you, and you must consult the entity.

**Your monitor**
- **Must** assist you to carry out your role.
- **May** administer appropriations, administer the entity’s establishing legislation, tender advice to you and any other functions, duties or powers in legislation.
- **Should** help to improve the coordination of the Crown entities within your portfolio.
- **Should** provide advice on the appropriateness of entity strategic plans, including entity performance targets and measures.
- **Should** provide ongoing briefings that identify emerging and medium to longer-term governance and performance issues and risks.

**The State Services Commission**
- **Must** consult the State Services Commissioner on chief executive terms and conditions.
- **May** require the State Services Commissioner to set minimum standards of integrity and conduct and may investigate breaches.
- **The SSC provides advice on the structures of government and how they work.**

**Minister of Finance Reporting and Financial Powers**
- **May** exempt certain outputs from some entity reporting requirements.
- **May** require a Crown entity subsidiary and some multi-parent subsidiaries to publicly report on some aspects of their performance.
- **May** exempt a multi-parent subsidiary whose investors include a TEI or School Board of Trustees from publicly reporting on some aspects of its performance.
- **May** issue instructions that prescribe minimum requirements of information an entity or entities must publish.
- **May** issue instructions that prescribe the non-financial reporting standards for an entity or entities.
- **May** approve the use of bank accounts that don’t meet the credit rating test.
- **May** approve a bank account being held outside of New Zealand.
- **May** approve an entity holding money other than in New Zealand dollars.
- **May** require an entity to pay a capital charge to the Crown.